



## State of Utah

### Department of Natural Resources

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas & Mining

MARY ANN WRIGHT  
*Acting Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

March 3, 2005

Mr. Clark Prothero  
W. W. Clyde Obayashi  
1275 North Main  
P. O. Box 350  
Springville, Utah 84663

Sent by electronic mail March 3, 2005, with hard copy to follow

Subject: Bonding Requirements, W. W. Clyde, Levon Giles Site, S/013/009, Duchesne County, Utah

Dear Mr. Prothero:

I have reviewed the bond form you submitted with your Notice of Intention to Commence Small Mining Operations. This was received by the Division February 25, 2005.

We consider the bond amount to be adequate, but certain language needs to be included. We suggest you submit a rider that includes the following verbiage:

"A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract with the State of Utah, Division of Oil, Gas and Mining, of which this surety document is an integral part.

"The condition of this obligation is that if the Division of Oil, Gas and Mining (Division) determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the accepted Notice of Intention to Commence Small Mining Operations and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

"The Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety. As reclamation is performed, the Division may authorize reductions in the amount of the bond.

"This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal

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incurred prior to the date of termination.

"Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

"Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business."

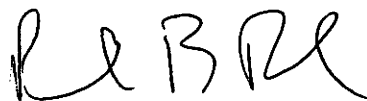
If you have concerns about any of this language, please contact me as soon as possible.

As we discussed yesterday, it may still be necessary to include the permittee's name (W. W. Clyde) as a principal on the surety. I have received a copy of the surety bond application and will review it with my supervisor.

In addition, before we issue final approval, we will need to have a reclamation contract with W. W. Clyde. With this letter, I am including a copy of the blank contract form. I suggest that you fill it out and send it back to us in draft form before it is signed. We can then review it and let you know if we see any problems before you've gone through the trouble to have it signed and notarized.

Thank you for your cooperation. Please let me know if you have any questions about this letter or the permitting process. I can be reached by telephone at 801-538-5261 or by electronic mail at paulbaker@utah.gov.

Sincerely,



Paul B. Baker  
Reclamation Biologist  
Minerals Regulatory Program

PBB:jb  
cc: Mike Hyde, Duchesne County  
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